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CENTRAL INTELLIGENCE AGENCY

REPORT NO. [REDACTED]

INFORMATION REPORT

CD NO.

COUNTRY China

DATE DISTR. 5 September 1951

SUBJECT Decisions at Chinese Communist Conference
to Consider Financial Crisis

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PLACE
ACQUIRED [REDACTED] 25X1ANO. OF ENCLS.
(LISTED BELOW)DATE OF
INFO. [REDACTED] 25X1ASUPPLEMENT TO
REPORT NO. 25X1X

1. On 10 August a conference was held to discuss inflation of the Chinese Communist currency and to decide on measures to be taken to curb this inflation. Those who attended included TUNG Pi-wa, CH'EN Yun, both vice premiers of the Government Administrative Council; PO I-po, Minister of Finance; and NAN Han-ch'en (南漢宸), CHANG Nai-ch'i (章乃器), MA Yin-ch'u (馬寅初), and MEI Kung-pin (梅龔彬), all members of the Committee of Finance and Economics. During the meeting the reaction to the issue of JMP 50,000 notes on the market was discussed. It was decided that this issue had greatly affected the market, and the proposed issue of JMP 500,000 and JMP 1,000,000 notes was rejected on the grounds that this would result in economic collapse.
2. It was decided to print counterfeit United States, Hong Kong, and Indochina notes in amounts of US \$1,000,000,000, in \$20 and \$100 denominations; HK \$10,000,000; and 2,000,000,000 piastres. The currency is to be printed at the Central Printing Bureau in Shanghai under the direction of Soviet experts, and the notes should be ready for circulation by the end of 1951.
3. The plan for counterfeiting foreign currency was suggested by CHANG Nai-ch'i and MA Ying-ch'u based on a similar plan of the Japanese begun in World War II. The people are to be allowed to purchase and keep the counterfeit currency and to use it to buy supplies from foreign countries.

25X1A 1. [REDACTED] Comment. For mention of presses for the printing of bank notes in Shanghai being under the supervision of Soviets in November 1950 see [REDACTED], and for the possible removal of these presses to Hankow in February 1951 see [REDACTED]. 25X1A

25X1A [REDACTED] Comment. Source states that it will be very difficult to distinguish the counterfeit notes from the real ones, since they are being printed under Soviet direction. Source also states that in view of the dropping of the value of the Chinese Communist currency the people will willingly buy. The Communists are said to have shipped Taiwan currency, manufactured in Mukden, to Taiwan in April. See [REDACTED].

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